

Testimony of Liz Dupont-Diehl

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SB 1159. AN ACT CONCERNING PHARMACY BENEFITS MANAGERS AND DRUG AFFORDABILITY AND TRANSPARENCY - Support with amendments

SB 6830, AN ACT ESTABLISHING A PRESCRIPTION DRUG AFFORDABILITY BOARD - Support with amendments

Good afternoon Senator Cabrera, Representative Wood, and other members of the Committee, my name is Liz Dupont-Diehl and I am the Associate Director of the Connecticut Citizen Action Group (CCAG).

On behalf of CCAG's thousands of members we register support for these two bills, and encourage you to go even further with them to address the impact of Pharmacy Benefit Managers (PBMs) and the skyrocketing cost of prescription drugs and health care.

First we want to thank you for taking steps to address these critical issues. These two bills are an acknowledgement of abuses by PBMs and the profiteering of the pharmaceutical and health insurance industries at the expense of our health care.

We share concerns expressed by the National Multiple Sclerosis Society about ways both of these bills need to be stronger to be most effective. An effective Prescription Drug Affordability Board (PDAB) can be a useful tool, and a strong PDAB would balance consumer affordability with the revenue needs of suppliers. To be effective an ideal PDAB would regulate in-state charges and payments made for a particular drug among state-licensed healthcare entities. The PDAB would do this through the authority to set Upper Payment Limits (UPLs) for all applicable purchasers, which is the maximum amount a state will pay for a prescription drug. We endorse the numerous changes to these bills suggested by Laura Hoch of the National MS Society, including the board's authority to set Upper Payment Limits, threshold for review, conflict of interest of board members, establishing a stakeholder council, and staffing and funding the PBAD.

We further **suggest you call for a study of PBMs**, including a requirement of disclosure of financial relationships between PBMs and their parent companies. As readers of **CCAG's Five Families** reports are aware, Pharmacy Benefit Managers (PBM's) are middlemen companies that manage prescription drug benefits for health insurers, and are massive profit centers for insurance companies. Through mergers and acquisitions in recent years, **three of the seven for-profit insurers – Cigna, CVS/Aetna, and UnitedHealth – now control 80% of the U.S. pharmacy benefits market**. Cigna now gets far more revenue from its PBM's than from its health plans. CVS gets more revenue from its PBM's than from either Aetna's health plans or its nearly 10,000 retail stores.

Former Cigna executive Wendell Potter reported recently that Big Insurance revenues and profits have increased by 300% and 287% respectively since 2012 due to explosive growth in the companies' pharmacy benefit management (PBM) businesses and the Medicare replacement plans they call Medicare Advantage. The for-profits now control more than 80% of the national PBM market and more than 70% of the Medicare Advantage market.

As a reminder, in 2021, Cigna, CVS/Aetna and UnitedHealth collectively reported \$30,560,000,000 in profits and spent an additional \$11,061,000,000 on stock buybacks – in the middle of a pandemic, where nonprofits

were struggling to fund community health workers, and when we were all buying our own PPE, and struggling with high health care and prescription drug costs.

We suggest you scrutinize this relationship, demand full financial transparency and at minimum require some of the profit being reaped by PBMs be returned to patients.

Thank you for your consideration.

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